

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6967

BILL NUMBER: HB 1331

DATE PREPARED: Jan 9, 2002

BILL AMENDED:

SUBJECT: Private Investigators and Security Guards.

FISCAL ANALYST: Valerie Ruda

PHONE NUMBER: 232-9867

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes a program for the licensing of security guards. It makes certain changes concerning the licensing of private detectives and changes the term used in licensing from private detective to private investigator. It provides that a person who engages in the private investigator or security guard business without a license commits a Class C misdemeanor. The bill changes the name of the Private Detectives Licensing Board to the Private Investigator and Security Guard Licensing Board and adds two licensed security guards as members. The bill also requires the issuance of both a private investigator firm license and a security guard firm license to a person who holds a valid private detective license on July 1, 2002.

Effective Date: Upon passage; July 1, 2002.

Explanation of State Expenditures: The Indiana Professional Licensing Agency (PLA) provides administrative support for the Private Detective Licensing Board. This bill may increase expenditures for the Board. Changing the name of the Board will require the Agency to change stationery, forms, and other supplies that contain the old name. The PLA will also need to modify rules and procedures governing private investigators and security guards and notify the public of the changes. This bill provides for one additional board member, which will result in an annual cost increase of an estimated \$2,000. The PLA, however, could probably absorb these additional costs given its current budget.

Explanation of State Revenues: This bill provides for changes to licensing private detectives, including changing the term private detective to private investigator. These changes should not have a significant fiscal impact.

Security guards and companies that supply security guards currently fall under licensure regulations for private detectives. Consequently, the PLA should receive about the same amount of license fee revenue if security guards are given a separate classification by this bill.

The bill provides that the PLA will assess a \$150 license fee if an individual applies for a security firm license. If the applicant already holds a valid private investigator firm license, the security firm license fee is \$50. The bill also provides that the private investigator firm license is \$50 if the applicant holds a valid security firm license. There may be a slight increase in fees collected due to this provision. Currently, applicants for a private detective license pay a \$150 fee and can presumably work as either a private detective or a security guard. Since the bill would create a license for a security guard, it is possible that some individuals may apply for both licenses, increasing fee revenues. As the proposed requirements of the security guard license are very similar to the current requirements of the private detective license, it is not certain that a large increase of new security guard licenses would occur. The specific impact from this provision is indeterminable.

As of December 2000, the PLA reported that 642 private detective agencies have active licenses. In addition, there were 11,167 authorized employees with active licenses. An updated count of private detective agencies and authorized employees will be included when the data is provided. The following revenue was collected from private detective licensure between FY 1996 and FY 2001:

<u>Fiscal Year</u>	<u>Amount</u>
1996	\$109,575
1997	\$139,557
1998	\$115,177
1999	\$143,510
2000	\$104,450
2001	\$149,930

Private detective license fees are deposited in the state General Fund.

There are two penalty provisions in the bill, a Class A misdemeanor and a Class C misdemeanor.

If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class A misdemeanor is \$5,000. The maximum fine for a Class C misdemeanor is \$500. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: A Class A misdemeanor is punishable by up to one year in jail. A Class C misdemeanor is punishable by up to 60 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

Explanation of Local Revenues: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the court fee (\$120 if a misdemeanor, \$70 if an infraction) that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in

a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Indiana Professional Licensing Agency; Indiana State Police.

Local Agencies Affected: Trial courts; Local law enforcement agencies.

Information Sources: Indiana Professional Licensing Agency, *Indiana Handbook of Taxes Revenues and Appropriations*; Office of the Auditor of State.